

~~CONFIDENTIAL~~

The Director of Central Intelligence

Washington, D.C. 20505

28 June 1982

MEMORANDUM FOR: The President
The Vice President
Secretary of State
Secretary of Defense
Assistant to the President for
National Security Affairs

SUBJECT: Possible Soviet Responses to Alternative
US Policies on Grain Sales

Here's a memorandum which examines possible effects on the Soviet economy and hard currency position of alternative policies on the volume and terms of grain sales to the Soviet Union. This memorandum was drafted and gets a little fuzzy toward the end but the main message is clear--the US may be able to greatly influence the terms under which all grain is sold to the Soviet Union and the difference between highly favorable credit terms for grain purchases and restrictive terms could be close to \$6 billion in hard currency over 1982-1984. The difference between cheap three-year financing terms and market terms and market interest rates and one-year maturities could be almost \$4 billion over 1982-1984. Putting tight credit terms on our grain sales might have some impact on the volume of our sales but it will clearly not wipe them out and our analyst concludes that "liberalized financing is not essential to continuation of large grain purchases."

William J. Casey

Attachment

CONFIDENTIAL

25X1